1. Reduction in the money value of ~~asse~~ capital asset is called?
(a) Capital expenditure (b) capital loss ✓
(c) Loss (d) Deficit

2. If P is the ~~compound~~ Principal amount, ~~factor~~ is the interest rate n is the number of ~~years~~ period years, the compound amount factor is
(a) $(1+i)^N$ (b) $(1+i)^{-N}$ (c) $\sqrt{(1+i)^N}$ (d) $(1+i)^{1/2n}$.

3. If the interest is expressed on an annual basis but compounding period is less than annual then the interest is called.
(a) compound interest (b) nominal interest ✓
(c) effective interest (d) simple interest

4. The algebric expression for finding the effective Interest rate from nominal interest rate is
(a) $(1+m)^m - 1$ (b) $\left(1+\frac{m}{r}\right)^m - 1$ (c) $\left(1+r/M\right)^M - 1$. (d) $\left(1+\frac{r}{m}\right)^N$.

5. What is the term for annuity with a fixed time span?
(a) ordinary annuity (b) perpetuity
(c) annuity due (d) annuity certain.

6. The three value of interest rate compounded by equations for compound interest for a 1 year period is known as.
(a) Expected return (b) Nominal interest
✓(c) Effective interest (d) Economic return

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(7) capitalized cost of a project is also known as:-

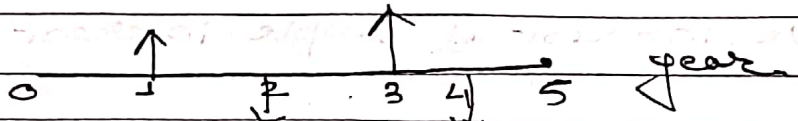
(a) Infinite cost (b) lifecycle cost (c) life cost (d) project cost

(8) The reduction or fall of the value of an asset due to constant use and passage of time is

(a) Depletion (b) Inflation (c) Depreciation
(d) Deflation

(9) What type of depreciation is due to the reduction in the obsolescence in technology?

(a) Functional dep^n (b) physical dep^n
(c) Demand dep^n (d) Design dep^n

(10) 

(a) The first disbursement occurs at end of year
(b) The second " " " " "
(c) The 1st receipt occurs at the end of year 4
(d) all of these

(11) What refers to the value of an asset which a disinterested third party, different from the buyer and seller, will determine in order to establish a price acceptable to both parties?

(a) Book value (b) Market value (c) Fair value
(d) Franchise value

(12) The value obtained after the depreciation in each year is

(a) salvage value (b) Distress value
(c) Market value (d) Book value

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(13) The fund which is established for the purpose of replacing assets in future is
(a) providient fund (b) sinking fund
(c) Dividend fund (d) None of above.

(14) In what method of compelling depreciation where it assumes that some fund of money is established in annuity basis for replacement purpose
(a) Straight line method (b) SOYD method.
(c) declining balance method (d) Sinking fund method

(15) The depreciation method used for tax purpose is
(a) Double declining balance method.
(b) SOYD Method.
(c) MACRS method
(d) After tax calculation method

(16) In a cash flow diagram.
(a) Time zero is considered as present
(b) Time 1 is considered to be the end of time period 1
(c) A vertical arrow pointing up indicates a positive cash flow
(d) All of these

(17) When comparing two mutually exclusive projects the project having
(a) highest positive value is considered
(b) lowest positive " " "
(c) least negative " " "
(d) highest " " " "

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(18) The unrecovered depreciation which results due to poor estimates as to the life of the equipment is called.
(a) sunk cost (b) Economic life (c) In place value
(d) annuity

(19) The difference between the present and future worth of money at some time in future is
(a) Discount (b) deduction (c) Inflation (d) Depletion

(20) What is the type of annuity where the first payment does not begin until some later date in the cash flow?
(a) ordinary annuity (b) perpetuity (c) Annuity due
(d) Deferred annuity

(21) What is the factor name of the formula.
$$\frac{(1+i)^N * i}{(1+i)^N - 1}$$
(a) uniform series future amount factor
(b) " " present " "
(c) capital recovery factor
(d) Sinking fund factor.

(22) If 'a' is the base amount expenditures, 'b' is the increase in the operation cost each year over a period of 'n' years, the total cost of maintainance is
(a) $a + (n+1)b$
(b) $a + (n-1)b$.
(c) $a * (n-1)b$
(d) $a - (n-1)b$

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23 In Independent project evaluation, the results of IRR and NPV lead to
(a) cash flow decision (b) cost decision
✓(c) same decision (d) different decisions

(24) The rate of return that an investment provides its investor is classified as:-
(a) MARR (b) IRR (c) ERR. (d) ARR

(25) In calculation of IRR, an assumption states that received cash flow from the project must
✓(a) be reinvested (b) not be reinvested.
(c) be earned (d) not be earned

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